

Review Form 1.6

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Title of the Manuscript:	Determinants of Financial Performance of the Microfinance Institutions in Tamil Nadu
Type of the Article	Original Research Article

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PART 1: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
<p>Compulsory REVISION comments</p> <p>Aims: To study and analyze the major determinants of financial performance of the microfinance institutions in Tamil Nadu.</p>	<p>DEBATABLE OBJECTIVE ON THE NEED TO STUDY ON FINANCIAL DETERMINANTS OF MFI</p> <p>1.MF is a basically social finance. A clear premise on the concept of Microfinance need to be discussed to bring out its need for the upliftment of the poor through provision of all pro poor MF services besides micro credit.(see given NABARD definition) Mere isolated micro credit cannot ensure poverty cure. Here social performance of MFI therefore assumes more significance than financial performance . Otherwise MFI should not act as modern money lenders using the banner 'Microfinance" .</p> <p>2. The determinants of Financial performance for MFI are no doubt , needed from supply side institutional perspectives. But the introduction or premise section need to be critically discuss how these determinants of financial performances are linked with the social performance which deserves main focus of MF unlike any other financial institutions which are merely serving as money lenders focusing more financial determinants .</p> <p>3. To elaborate further the point 2, the repayment from the poor clients factor is an important determinant which decides the rate of recovery which in turn decides the status of the ROA/ NPA position and the level of profit of MFI. This repayment again depends on level of income of generation from the loan or micro credit activities . The use of loan for repayment of old dues(as reported in the study T.10) is unethical and will not help sustainability of MF</p> <p>4. Given the above realities in MF domain, the result of the study mentions about active borrowers and majority of loan for education purposes . Three questions emerge. If active borrowers are encouraged for the good performance of MFI , then what about inactive borrowers who are left behind in the process of helping them to come above poverty line ? Secondly, Do these active borrowers represent the poor beneficiaries as envisioned under MF concept. Thirdly, education loan is not an income generating one like livestock loan without immediate repayment to MFI being an vital determinants of financial performances (ROA) ? All these conjectures defeat the purposes of micro finance regardless the financial performances of MFIs. Further this scenario makes one to surmise that over a period the active borrowers will be encouraged who are not necessarily the poor from the institutional financial performance perspectives and poverty is sustained defeating the very vision and mission of Microfinance</p> <p>5.On the other hand, from the sustainability perspectives of MFI s, the researchers need to focus more on the need to analyse on the viability of delivering integrated MF products and services (micro credit plus) so that both social and financial performances could be evaluated prudently in terms of vision of Microfinance . The institutions like BRAC, and some MFIs are serving micro credit plus services and their both social and financial performances merit the attention of the researcher for doing justification to the concept of MF.</p>	
<p>Minor REVISION comments</p> <p>1. 1Sampling Design and Method of Data Collection For the secondary data were obtained from the Microfinance Information Exchange market (MIX market). As of November 2021, around 250 Indian Microfinance institutions reported data to the MIX. Survey was conducted for the collection of primary data pertaining to the period of 2021-22 and also secondary data was collected for the period of 2010-2019 from the Microfinance Information Exchange Market.</p> <p>2. General characteristics of the respondents Based on the primary survey data for which analysis included age, education, gender, occupation, source of income and purpose of loan by percentage analysis and presented in the following table</p>	<p>1. The period of primary data collection in 20-21 need to be carefully reviewed since MF industry has been severely affected by Corona pandemic impacting severely on the recovery performances and liquidity management</p> <p>2. The details of method of collection of primary data need to be spelt out (questionnaire, interview , etc)</p> <p>2. MIX data includes both the poor and non poor also. Comparison may not be proper</p> <p>1. The primary data in these tables do not reveal vitally the actual status of MF customers whether they belong to the poor /or low income group or non poor . These category wise beneficiaries covered need to be presented to ensure the mandated poor , benefited by the sample MFIs</p> <p>2. Economic metric models are applied for analysis financial performance . But for the variable like ROA having on bearing on repayment performance and income generation from the activity financed in the demand side, there is a an imperative need for social performance analysis . As per table 10, the loan use for</p>	

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	education and repayment of old loan do not generate income thereby affecting the scheduled repayment and ROA.. Further lending micro finance for these purposes is not considered or envisaged for the poor clients under microfinance .	
Optional/General comments		

PART 2:

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
Are there ethical issues in this manuscript?	<i>(If yes, Kindly please write down the ethical issues here in details)</i>	

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